

Malawi Stock Exchange (MSE) trading activity

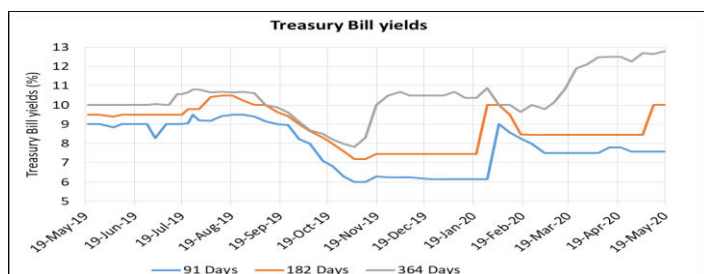
The Malawi All Share Index (MASI) was steady at 28,502.17 points during the week - none of the counters listed on the Malawi Stock Exchange (MSE) registered a share price movement. However, the market registered significant increases in the volume and value of shares traded during the week relative to the preceding week. A total of 32,407,509 shares switched hands during the week at a consideration of K884.29m compared to 748,771 shares traded at a consideration of K109.17m in the previous week. The year-to-date return on MASI stands at -5.78% compared to -1.93% in the same period in 2019 (Source: MSE).

Corporate news

Illovo Sugar Plc posted a profit after tax (PAT) of K2.05b for the six months ended 29th February 2020. This is a 75% drop from the PAT of K8.11b recorded in the previous corresponding period (Source: Illovo, The Nation).

Government securities

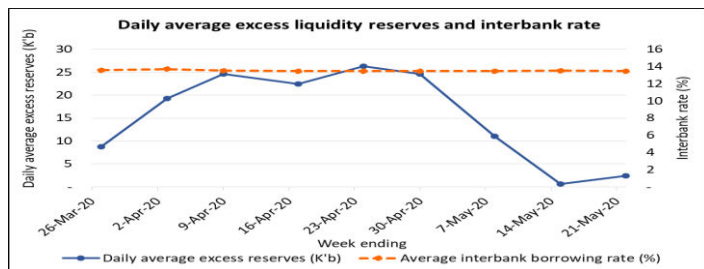
Government raised K2.76b during the week's auction for Treasury Bills (TB) against an announced amount of K219m. The TB auction registered no rejection. In the previous week, K3.22b was raised against an offer for subscription of the same amount. The all-type average TB yield increased to 10.12% from 10.07% in the previous week due to an increase in the 364-day yield to 12.78% from 12.64%. The 91-day and 182-day yields were stable at 7.58% and 10.00%, respectively.



The Government also raised K13.25b from an auction for a 2-year Treasury Note (TN) during the week, lower than K15.08b that was planned for. This brings the total amount raised from auctions of Government securities during the week to K16.01b. The TN attracted an average yield of 13.96%, up from 12.83% for the previous auction for the same tenor on 10th March 2020. Maturities of Government securities for the week amounted to K13.82b, thereby resulting in a net withdrawal of K2.19b from the market compared to a net injection of K7.80b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Liquidity levels remained low during the week. Average daily excess reserves slightly increased to K2.42b from K0.60b recorded in the previous week. Borrowing on the interbank market increased to an average of K6.26b per day from K5.0b per day in the previous week. Average interbank borrowing rate slightly decreased to 13.47% from 13.53% the previous week. Borrowing on the Lombard Facility amounted to K100.16b during the week, up from K96 in the preceding week at a fixed rate of 13.70% (Source: RBM).



Foreign exchange market developments

The Kwacha was steady at K736.5641 against USD during the week. The Kwacha, however, depreciated against GBP, EUR and ZAR by 0.10%, 1.14% and 4.19%, respectively. Gross official foreign exchange reserves were last recorded at USD730.17m (3.49 months of import cover) on 31st March 2020, down from USD785.31m (3.76 months of import cover) recorded on 29th February 2020 (Source: RBM). As at the end of the fourth week of 2020 marketing season on 16th May 2020, the tobacco market had raked in USD27.56m compared to USD30.20m for the same period in 2019, representing a decrease in value of 8.73%, owing to a decrease in volume sold (Source: AHL).

Stock market				
	22-May-20		% Δ	15-May-20
MASI	28,502.17	→	0.00%	28,502.17
DSI	23,780.94	→	0.00%	23,780.94
FSI	1,993.51	→	0.00%	1,993.51
Traded volume	32,407,509	↑	4228.09%	748,771
Number of trades	67	↑	59.52%	42
Value of shares traded (K'm)	884.29	↑	710.01%	109.17
Market capitalisation (K'm)	1,483,384.12	→	0.00%	1,483,384.12
Gainers	Closing price (K)		% Δ	Opening price (K)
None				
Losers	Closing price (K)		% Δ	Opening price (K)
None				
Treasury Bill auctions				
Auction date	19-May-20		% pts Δ	12-May-20
Amount offered - cost value (K'm)	219.00	↓	-93.20%	3,219.00
Applied - cost value (K'm)	2,761.02	↓	-70.90%	9,488.37
Allotted - cost value (K'm)	2,761.02	↓	-14.21%	3,218.52
Overall rejection rate	0.00%	↓	-66.08	66.08%
91 days yield	7.58%	→	0.00%	7.58%
182 days yield	10.00%	→	0.00%	10.00%
364 days yield	12.78%	↑	1.13%	12.64%
All-type yield	10.12%	↑	0.47%	10.07%
Treasury Note auctions				
Date	19-May-20	5-May-20		21-Apr-20
Tenor	2 Years	5 Years		10 Years
Coupon rate	10.00%	12.50%		15.00%
Amount offered - cost value (K'b)	34.09	44.11		8.86
Applied - cost value (K'b)	15.08	41.46		11.62
Allotted - cost value (K'b)	13.25	41.46		4.36
Allotted - weighted average ytm	13.96%	18.47%		21.70%
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction		Next auction
2-year	13.96%	19-May-20		tba
3-year	14.50%	7-Apr-20		16-Jun-20
5-year	18.47%	5-May-20		tba
7-year	19.08%	24-Mar-20		2-Jun-20
10-year	21.70%	21-Apr-20		Tba
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)		Last coupon rate
2-Jun-20	7	20.07		13.50%
16-Jun-20	3	27.48		11.00%
Projected maturities				
Week ending	22-May-20	29-May-20		5-Jun-20
TBs, PNs & TNs (K'm)	13,816	5,677		5,340
OMO (K'm)	0	0		0
Reference rate				
	May-20		% pts Δ	Apr-20
Rate	13.30%	↑	0.10	13.20%
Inflation rate				
	Apr-20		% pts Δ	Mar-20
Rate	9.4%	↓	-0.4	9.8%
Cumulative tobacco sales (Week 4)				
Year	2020		% Δ	2019
Volume (Kg)	17,970,662.00	↓	-19.40%	22,297,373.00
Value (USD)	27,560,803.86	↓	-8.73%	30,196,498.21
Average price (USD/Kg)	1.53	↑	13.33%	1.35
Indicative opening mid exchange rates				
	22-May-20		% Δ	15-May-20
USD	736.5641	→	0.00%	736.5641
GBP	899.8604	↓	0.10%	898.9765
EUR	804.7699	↓	1.14%	795.7102
ZAR	41.6131	↓	4.19%	39.9378
Gross official foreign exchange reserves position				
	31-Mar-20	29-Feb-20		31-Jan-20
Reserves (USD'm)	730.17	785.31		786.71
Import cover (months)	3.49	3.76		3.76

Sources: MSE, RBM, NSO

Inflation

Year-on-year headline inflation rate decreased to 9.4% in April 2020 from 9.8% in March 2020 as year-on-year food inflation rate decreased to 14.6% from 14.7% and year-on-year non-food inflation rate decreased to 5.0% from 5.1% during the period (Source: NSO).

COVID-19 update

As at 22nd May 2020, Malawi had registered 84 cases of Coronavirus disease (COVID-19). Of these, 27 have recovered while 3 have died. Globally, as at the same date, there were more than 5.13m confirmed cases of COVID-19 with more than 1.97m recoveries and 333k deaths (Source: Johns Hopkins University and Medicine). Countries across the world continue to slowly ease some restrictions as the curve of new infections flattens. Efforts continue to mount towards economic recovery.

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